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Date: 5-9-2017

Subject: Testimony on Senate Bill 94

Submitted By: Mike Randol, Kansas Department of Health and Environment – Director of the Division of Health Care Finance – State Medicaid Director

**Bill Description:** KDHE appreciates the opportunity to give neutral testimony on SB 94. This act concerns health maintenance organizations; relating to privilege fees; rate; disposition of moneys; and extending the medical assistance fee fund.

**Privilege Fee:** SB 94 would increase privilege fees effective July 1, 2017. Privilege fees are based on the premium revenue of managed care organizations for the calendar year and are paid in March of the following calendar year. As a result, additional revenue resulting from this bill will not be realized until FY 2018.

The bill states that moneys in the medical assistance fee fund shall be expended first to restore any reductions initiated during calendar year 2016 to provider reimbursement rates for state Medicaid services and then, if any moneys remain, for the purpose of Medicaid medical assistance payments.

The bill further provides that these revenues will be deposited in KDHE's Medical Assistance Fee Fund, instead of the State General Fund.

KanCare MCO's will be required to pay the assessed privilege fee. Payments to the MCO's must be actuarially sound. Therefore, the assessed fee amount will be included in the capitated rate paid to each of the MCO's.